



REDACTED – FOR PUBLIC INSPECTION

June 30, 2014

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th St, SW
Washington, D.C. 20554

RE: WC Docket No. 10-90, WC Docket No. 11-42
FCC Form 481 – Carrier Annual Reporting
MGW Telephone Company

Dear Secretary:

MGW Telephone Company submits this FCC Form 481- Carrier Annual Reporting in accordance with FCC Rules 54.313 and 54.422. There are two copies of a Redacted – For Public Inspection version. In addition there is one copy with financial information marked as confidential information in accordance with a November 16, 2013 Protective Order, DA12-1857. A Redacted – For Public Inspection version is also being filed via ECFS.

If there are any questions, I can be reached at 540-925-5235.

Sincerely,

A handwritten signature in black ink that reads "Sheri H. Smith". The signature is written in a cursive, flowing style.

Sheri H. Smith
Treasurer
MGW Telephone Company, Inc.

Attachments

cc: Charles Tyler, Telecommunications Access Policy Division (Two Confidential Copies)

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	190238
<015>	Study Area Name	MGW TEL. CO. INC.
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Sheri H Smith
<035>	Contact Telephone Number: Number of the person identified in data line <030>	5409255235 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	sherihsmith@mgwnet.com

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
(check box when complete)			
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>
<200>	Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>
<300>	Unfulfilled Service Requests (voice)	0	
<310>	Detail on Attempts (voice)	(attach descriptive document)	
<320>	Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>
<330>	Detail on Attempts (broadband)	(attach descriptive document)	
<400>	Number of Complaints per 1,000 customers (voice)		
<410>	Fixed	0.0	<input checked="" type="checkbox"/>
<420>	Mobile	0.0	<input checked="" type="checkbox"/>
<430>	Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>
<440>	Fixed	0.0	
<450>	Mobile	0.0	
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>
<510>	190238va510.pdf	(attached descriptive document)	<input checked="" type="checkbox"/>
<600>	Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>
<610>	190238va610.pdf	(attached descriptive document)	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>
<710>	Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>
<800>	Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>
<1000>	Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>
<1010>	190238VA1010.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>
<1110>		(complete attached worksheet)	
<1200>	Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>

(100) Service Quality Improvement Reporting Data Collection Form			
	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013		
<010>	Study Area Code	190238	
<015>	Study Area Name	MGW TEL. CO. INC.	
<020>	Program Year	2015	
<030>	Contact Name - Person USAC should contact regarding this data		
		Sheri H Smith	
<035>	Contact Telephone Number - Number of person identified in data line <030>		
		5409255235 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030>		
		sherihsmith@gmwnet.com	
<110>	Has your company received its ETC certification from the FCC?	<input type="radio"/> (yes) <input checked="" type="radio"/> (no)	
<111>	If your answer to Line <110> is yes, do you have an existing "5 year plan" filed with the FCC?	<input type="radio"/> (yes) <input type="radio"/> (no)	
<p>If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.</p> <p>Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.</p>			
<112>	<div style="border: 1px solid black; height: 150px; width: 100%; position: relative;"> <div style="position: absolute; top: 5px; left: 5px; font-size: 8px;">190238va112.pdf</div> </div>		
		Name of Attached Document	
<p>Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.</p>			
<113>	Maps detailing progress towards meeting plan targets	<input type="checkbox"/>	
<114>	Report how much universal service (USF) support was received	<input type="checkbox"/>	
<115>	How (USF) was used to improve service quality	<input type="checkbox"/>	
<116>	How (USF) was used to improve service coverage	<input type="checkbox"/>	
<117>	How (USF) was used to improve service capacity	<input type="checkbox"/>	
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<input type="checkbox"/>	

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

[illegible]

(710) Broadband Price Offerings Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	190238
<015>	Study Area Name	MGW TEL. CO. INC.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Sheri H Smith
<035>	Contact Telephone Number - Number of person identified in data line <030>	5409255235 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sherihsmith@mgwnet.com

[illegible]

(900) Tribal Lands Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	190238
<015>	Study Area Name	MGW TEL. CO. INC.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Sheri H Smith
<035>	Contact Telephone Number - Number of person identified in data line <030>	5409255235 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sherihsmith@mgwnet.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.	Select (Yes, No, NA)
<922>	Feasibility and sustainability planning;	
<923>	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

FCC Form 481
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July 2013

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<030>	Contact Name - Person USAC should contact regarding this data	Sheri H Smith
<035>	Contact Telephone Number - Number of person identified in data line <030>	5409255235 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sherihamith@gwnet.com

☐

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

(1200) Terms and Condition for Lifeline Customers	
Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sherihamith@gwnet.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	<div>190238val210.pdf</div>	Name of Attached Document
<1220>	Link to Public Website	HTTP	

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2000) Price Cap Carrier Additional Documentation		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
<i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>		July 2013

<010>	Study Area Code	190238
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<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Sheri H Smith
<035>	Contact Telephone Number - Number of person identified in data line <030>	5409255235 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sherihsmith@gwnet.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting	
<2010> 2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011> 3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))	
<2012> 2013 Frozen Support Certification	<input type="checkbox"/>
<2013> 2014 Frozen Support Certification	<input type="checkbox"/>
<2014> 2015 Frozen Support Certification	<input type="checkbox"/>
<2015> 2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))	
<2016> Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))	
<2017> 3rd year Broadband Service Certification	<input type="checkbox"/>
<2018> 5th year Broadband Service Certification	<input type="checkbox"/>
<2019> Interim Progress Certification	<input type="checkbox"/>
<2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>

Name of Attached Document Listing Required Information

<2021>	Interim Progress Community Anchor Institutions
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(3000) Rate Of Return Carrier Additional Documentation

Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sherihsmith@gmwmet.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010)

Progress Report on 5 Year Plan

Milestone Certification (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3011)

Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012)

Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

Name of Attached Document Listing Required Information

(3013)

Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(Yes/No)

(3014)

If yes, does your company file the RUS annual report

(Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015)

Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016)

Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017)

If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(Yes/No)

(3018)

If the response is no on line 3014, Is your company audited?

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019)

Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020)

Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021)

Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022)

Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023)

Underlying information subjected to a review by an independent certified public accountant

(3024)

Underlying information subjected to an officer certification.

(3025)

Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

190238va3025.pdf

Name of Attached Document Listing Required Information

(3026)

Attach the worksheet listing required information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<030> Contact Name - Person USAC should contact regarding this data	Sheri H Smith
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<039> Contact Email Address - Email Address of person identified in data line <030>	sherihsmith@mgwnet.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: MGW TEL. CO. INC.	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/29/2014
Printed name of Authorized Officer: Sheri Smith	
Title or position of Authorized Officer: Treasurer	
Telephone number of Authorized Officer: 5409255235 ext.	
Study Area Code of Reporting Carrier: 190238	Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<015> Study Area Name	MGW TEL. CO. INC.
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<030> Contact Name - Person USAC should contact regarding this data	Sheri H Smith
<035> Contact Telephone Number - Number of person identified in data line <030>	5409255235 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	sherihsmith@mgwnet.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent or Employee of Agent:	
Signature of Authorized Agent or Employee of Agent:	Date:
Printed name of Authorized Agent or Employee of Agent:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Company Name:

Study Area Code:

Project Information:

1)

5 Year Plan

Proprietary and Confidential

6/29/2014

The visualization displays two main data series over a six-year period (2010-2015):

- Network Investment (Blue Bars):** Shows a significant increase starting in 2011, peaking in 2012, and then fluctuating at high levels through 2015.
- Operating Expenses (Black Bars):** Shows a steady increase from 2010 to 2012, followed by a period of relative stability and then a slight decline in 2015.

The heatmap below the bars uses a color scale to represent the magnitude of these values, with blue indicating lower values and red indicating higher values. The heatmap shows a strong correlation between the timing of the investment and the operating expenses, with both peaking in 2012.

Service Quality Standards and Consumer Protection Rules Compliance

MGW Telephone

Line 510

Certification

1. MGW Telephone certifies that it complies with applicable service quality standards and consumer protection rules for both voice services and broadband services.

2. MGW Telephone follows the Virginia State Corporation Commission's rules as a minimum guide to ensure a high service quality for its customer base.

Emergency trouble report response

1. MGW accepts, acknowledges, and records trouble reports of an emergency nature at all times through automated or live means.

2. MGW takes immediate action to clear trouble reports of an emergency nature. MGW would inform the SCC of a service outage in Virginia by providing all reports required by the Federal Communications Commission (FCC) under 47 CFR Part 4. MGW complies with all provisions of 47 CFR Part 4 related to report content, processing, and delivery. MGW had 0 emergency related trouble reports in 2013.

Network and customer care service quality and reporting.

1. MGW restores all out-of-service trouble reports within 24 hours, per calendar month, on a statewide basis, for customers stating a medical necessity when restoration is feasible. "Feasible" means service can be restored unless there exists a condition beyond the control of MGW.

2. MGW restores no less than 80% of out-of-service trouble reports within 48 hours, and no less than 95% within 96 hours, per calendar month, on a statewide basis, excluding Sundays and MGW-recognized holidays for business customers, and excluding Saturdays, Sundays, and MGW-recognized holidays that do not result in three consecutive excluded days for residential customers. MGW may exclude customer-caused delays and extended intervals that are explicitly accepted or requested by customers.

3. Calls to MGW customer call center are answered by a live customer service representative seven days a week from 7:30 AM until 10 PM. In the event a representative is not available, customers can leave a message and the representative will return their call as soon as they are available. Customers with billing questions are transferred to a billing agent Monday through Friday 7:30 AM until 4 PM.

4. MGW completes no less than 90% of installation service orders within five business days of a customer's request, per calendar month, on a statewide basis. MGW may exclude customer-caused installation delays, installations that require construction at new service location, service orders for the installation of more than five NALs at one customer location, and extended intervals that are explicitly accepted or requested by customers. MGW may exclude installation service orders that

involve porting telephone numbers, the delivery of which has been delayed by another LEC, or any other communications provider.

5. MGW meets no less than 90% of installation and repair commitments, per calendar month, as set forth by the SCC of Virginia.

6. MGW does not exceed a 0.35% central office trouble report rate as set forth by the SCC.

Consumer Protection

1. MGW is committed to maintain the privacy of customer information. In addition to protecting personal information the company is obligated to protect information on how customers use their services. MGW follows all requirements the FCC has mandated concerning Customer Proprietary Network Information (CPNI). As required, MGW files annual CPNI compliance certifications with the FCC by March 1 each year.

2. MGW also has an Identity Theft Prevention Program in place to comply with Red Flag Identity Theft prevention rules. This program ensures that no information pertaining to our customers is compromised and that information from new customers is accurate and does not represent a stolen identity.

3. There are no SCC or state rules in place for broadband consumer protection. MGW does follow federal laws relating to broadband service. MGW does publicly disclose broadband terms and prices for customers.

MGW Telephone Functionality in Emergency Situations Line 600

Backup/Emergency Power

MGW Telephone's main Central Office has both battery backup and permanent mounted generator backup. If commercial power fails, batteries carry all central office equipment until the generator comes on within one minute of power failure. If the generator fails to come on, batteries can carry the central office for 8 hours.

All remote switches have both battery backup and permanent mounted generator backup. If commercial power fails, batteries carry all central office equipment until the generator comes on within one minute of power failure.

All generators at the main Central Office and the remote switch are propane or diesel powered and can run for 40 hours on their fuel supply.

All small remote switches have battery backup that can carry the equipment for 18 hours in the event of commercial power failure. They also have ports where a portable generator can be connected to supply power to the remote. These portable generators are gasoline powered and can run for 14 hours on their fuel supply. During the event of an emergency, these portable generators are resupplied with fuel on a regular basis.

Network Facilities

During times of an emergency or damage to facilities, there is the ability to reroute traffic within our network. Currently all traffic is routed over a fiber ring. In the case of damage to the fiber ring, a switchover of traffic flow on the ring is automatic. If the fiber ring goes down completely, there are alternate trunks that traffic is manually routed to for completion.

MGW connects to a Verizon tandem Central Office in Staunton, VA. MGW has redundant facilities that connect to the Verizon tandem. During times of an emergency or damage to facilities, traffic is rerouted over redundant facilities.

Traffic Spikes

When there are traffic spikes resulting from emergency situations,. During extreme emergencies and any resulting traffic spikes, priority is first given to first responders to allow their traffic to complete. Depending on the severity of the emergency situation and the amount of traffic, other traffic would be restricted if need be in order to give priority to first responders.

MGW's Central Office switch is configured with a certain number "priority" line assignments in each line assignment group. Local municipal, fire, EMS, and rescue telephone numbers are assigned to these priority line assignment positions. Should the switch get in an overload status, it automatically prioritizes these positions to remain in service before non-priority line assignments.

1/1/2014	
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[illegible]

MGW Telephone Lifeline Terms and Conditions Line 1210

As a state regulated wireline carrier, MGW Telephone offers Lifeline service in accordance with FCC rules and terms and conditions in its tariff. The terms and conditions of the tariff are included at the end of this file.

Minutes of Use

Each Lifeline customer has unlimited local usage and is able to make local calls at no additional charge. Each Lifeline customer is also able to receive unlimited local and long distance calls at no additional charge.

Toll Charges

Each Lifeline customer is able to receive toll blocking to avoid incurring unexpected toll charges. In the event the customer would like to make toll calls then the customer is able to choose which long distance company they would like to use and then choose which rate plan is best for them.

VIRGINIA UNIVERSAL SERVICE PLAN (VUSP)

1. General

The Virginia Universal Service Plan (VUSP) is designed to assist qualified residential customers to subscribe to and retain Local Exchange Service. The VUSP consists of the Lifeline Assistance Program.

2. Regulations

A. (D)

B. Customers must be certified by the appropriate state agency that they participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; ** Supplemental Security Income (SSI); Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; Temporary Assistance for Needy Families (TANF); or, be able to provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines for all States. Certification will be based in accordance with Federal Communications Commission rules found in CFR § 54.401(c). Such certification must be provided to the Company.

C. Lifeline Assistance will continue to be provided to a customer only as long as a customer meets the qualification criteria outlined above. The continuation of qualification for Lifeline Assistance must be re-certified every 12 months for customers, following the establishment of the Lifeline Assistance.
Without such re-certification, the customer's assistance will be discontinued.

D. When the Company receives notice from the appropriate state agency, or the customer, that the customer is no longer meeting the qualification criteria above, the Company will then notify the customer that the assistance will be discontinued or changed to another class of residential service.

** Qualification criteria in addition to the VUSP are due to FCC rules.

(M) Material previously appearing on this Sheet now appears on Sheet 2.

Issued: July 18, 2012

Effective: August 1, 2012

By: R. Craig Smith, President, Williamsville, Virginia

GENERAL CUSTOMER SERVICES
TARIFF

MGW Telephone Company

Section 18
Revision 2 Sheet 2

VIRGINIA UNIVERSAL SERVICE PLAN (Cont'd)

2. Regulations (cont'd)

- E. A VUSP Service customer, nor any other member of the household, may not subscribe to any other form of Local Exchange Service on the same premises.
- F. As a participant in the Lifeline Assistance, customers are eligible to receive Toll Restriction at no charge. This service is provided at the customer's request.
- G. Customers eligible for Lifeline Assistance are not required to pay a deposit if the customer does not owe the Company for previous service and the customer voluntarily receives Toll Restriction Service. Lifeline Assistance will not be connected if an outstanding balance is owed by the customer for local service.
- H. Customers qualifying for VUSP service in order to obtain toll service may make the required deposit in four successive monthly installments.
- I. Participants in Lifeline Assistance shall not be disconnected from Local Service for non-payment of toll charges, but may be required to use toll restriction. In addition, the Company will not deny re-establishment of local services to customers who are eligible for Lifeline Assistance and have previously been disconnected for non-payment of toll charges, provided they reply for toll restriction.
- J. Partial Payments that are received from Lifeline Customers will first be applied to local service and then to any outstanding toll charges.
- K. If a customer on Lifeline Assistance is no longer qualified for assistance, no service charges apply for changing to a Residence Local Exchange Access line normally provided to the customer's premise.

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GENERAL CUSTOMER SERVICES TARIFF

MGW Telephone Company

Section 18
Revision 2 Sheet 3

VIRGINIA UNIVERSAL SERVICE PLAN (cont'd)

3. Credits (Cont'd)

The following credit will apply for each customer eligible for Lifeline Assistance:

1. Federal Credit	\$9.25
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Adjustments

Adjustments to these credits may be made as required by regulatory agencies for cost recovery.

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By: R. Craig Smith, President, Williamsville, Virginia

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
MGW Communications, Inc.
Williamsville, Virginia

We have reviewed the accompanying consolidated balance sheets of MGW Communications, Inc., and Subsidiaries (a corporation) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying

consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The additional information for the years ended December 31, 2013 and 2012 included in the balance sheets and statements of income of MGW Telephone Company, Inc. and MGW Networks, L.L.C. and Subsidiary are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic consolidated financial statements, and we did not become aware of any material modifications that should be made to such information.

EMORE, HUPP & COMPANY, P.L.C.

Staunton, Virginia
March 7, 2014

MGW COMMUNICATIONS, INC., AND SUBSIDIARIES
 STATEMENTS OF INCOME OF MGW TELEPHONE COMPANY, INC.
 Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Basic local network services		
Network access services		
Long distance services		
Miscellaneous		
Uncollectible revenues		
OPERATING EXPENSES		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Other operating taxes		
OPERATING LOSS		
OTHER INCOME		
Interest income		
Dividends		
Gain on sale of equipment		
LOSS BEFORE INCOME TAXES		
INCOME TAX BENEFIT		
NET LOSS		

See independent accountant's review report.

ASSETS

2013

2012

CURRENT ASSETS

Cash - general funds

Accounts receivable:

Trade, net of allowance
for doubtful accounts,
\$4,500 for 2013 and
\$3,700 for 2012

Related party

Marketable securities

Materials and supplies

Property held for sale or lease

Prepaid expenses

TOTAL CURRENT ASSETS

INVESTMENT IN LIMITED LIABILITY COMPANY

PLANT, PROPERTY AND EQUIPMENT

Plant in service

Plant under construction

Less depreciation allowance

See independent ac

NC., AND SUBSIDIARIES
TELEPHONE COMPANY, INC.
2013 and 2012

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts payable:		
Trade		
Related party		
Customer deposits		
Advance billings		
Accrued expenses		
Deferred income taxes		
TOTAL CURRENT LIABILITIES		
OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred income taxes		
STOCKHOLDER'S EQUITY		
Capital stock:		
Common, stated value \$25 per share,		
authorized 5,000; issued, 1,000,		
2013 and 2012		
Additional paid-in capital		
Retained earnings		
Accumulated other		
comprehensive income:		
Unrealized gains on securities		